



PILOT GOLD AGREES TO TERMINATE OPTION OVER RAE-WALLACE PROPERTIES

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TORONTO, ONTARIO, July 19, 2012 – Rae-Wallace Mining Company (“**Rae-Wallace**” or the “**Corporation**”) announces that it has entered into an agreement (the “**Agreement**”) with Pilot Gold Inc. (“**Pilot**”) providing for the termination of Pilot’s option (the “**Pilot Option**”) to acquire up to a 51% interest in certain mineral properties of the Corporation located in Peru (including the Toro Blanco and Liscay projects).

Pursuant to the terms of the Agreement, the Pilot Option will terminate upon the closing of a transaction (the “**Transaction**”) that results in the listing of the Corporation’s shares on a recognized stock exchange, in consideration for: (a) the issuance to Pilot of 1,985,100 shares of the Corporation; (b) the issuance to Pilot of additional shares of the Corporation to maintain Pilot’s 15.8% shareholdings of the Corporation; (c) the extension of the expiry date of the 1,000,000 ordinary share purchase warrants of the Corporation currently held by Pilot to the date that is the later of: (i) July 23, 2014; and (ii) 24 months following the closing of the Transaction; (d) the issuance to Pilot of additional ordinary share purchase warrants, which if such warrants were exercised, would constitute 9.99% of the shares of the Corporation after giving effect to the Transaction; (e) the grant by Rae-Wallace to Pilot of a 2% net smelter returns royalty; and (f) the grant by Rae-Wallace to Pilot of a right of first offer in the event that the Corporation wishes to explore/develop any of the optioned projects with a third party.

About Rae-Wallace

Rae-Wallace is exploring drill-ready gold and silver properties along the prolific mineral belts of Peru, the world leader in foreign mining investment. The Corporation is led by senior industry executives and skilled explorationists, experienced at the identification, acquisition, and development of successful, large-scale, international mining projects. The Corporation has prominent corporate shareholders and features a tight share structure. Rae-Wallace stock currently trades on the OTC market under the symbol "RAEW".

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Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Statements in this press release regarding the Corporation’s business which are not historical facts are “forward-looking statements” that involve risks and uncertainties, such as estimates and statements that describe the Corporation’s future plans, objectives or goals, including words to the effect that the Corporation or management expects a stated condition or result to occur. Since forward-looking statements address future events and conditions, by their very nature, they involve inherent risks and uncertainties. Actual results in each case could differ materially from those currently anticipated in such statements.